

Message Text

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ACTION EB-07

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EUR-12 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: JAPANESE TRADE POLICY SHAPING UP

1. SUMMARY: A CONSENSUS FOR A MORE RESPONSIBLE JAPANESE TRADE POLICY APPEARS TO FIRMING UP. REMARKS BY MITI MINISTER TANAKA, A WHITE PAPER ON TRADE, AND CONSTRUCTIVE PRESS REACTIONS TO CRITICISM OF JAPAN AT OECD MINISTERIAL AND AT ECONOMIC REVIEW CONSULTATIONS HAVE DEMONSTRATED AWARENESS OF NEED TO SHIFT TRADE POLICY EMPHASIS TO DOMESTIC DEMAND STIMULATION AND EXPORT DISCIPLINE. END SUMMARY.

2. DESPITE THE DISTRACTION OF UPPER HOUSE ELECTION CAMPAIGN, MEDIA, PUBLIC AND OFFICIAL ATTENTION IN TOKYO IS STILL FOCUSED ON TRADE ISSUES. THE MEDIA HAS BEEN GIVING FRONT PAGE PLAY TO PM MINISTER FUKUDA'S CONSULTATIONS WITH HIS ECONOMIC MINISTERS ON HOW TO ACHIEVE JAPAN'S GNP GROWTH GOALS AND HOW TO COPE WITH PERSISTENT CRITICISM FROM ABROAD OF JAPAN'S TRADE AND CURRENT ACCOUNT SURPLUSES (SEPTEL). SIMILARLY, THE MEDIA HAS GIVEN EXTENSIVE COVERAGE TO EMPHASIS IN 1977 WHITE PAPER ON INTERNA-
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TIONAL TRADE ON INCREASING THE SHARE OF MANUFACTURED GOODS IN JAPAN'S IMPORT PICTURE AND EXERCIZING "DISCIPLINE" IN ITS EXPORT PRACTICES. A SPATE OF EDITORIALS HAVE TAKEN GENERALLY SIMILAR LINES IN CALLING FOR RECOGNITION THAT THE WORLD FREE TRADE SYSTEM IS UNDERGOING STRAINS AND THAT JAPAN'S TRADE STRUCTURE SHOULD BE ADJUSTED TO ASSURE ITS CONTINUA-

TION.

3. IN ITS ANNUAL WHITE PAPER ON INTERNATIONAL TRADE ISSUED JUNE 28, JAPAN'S MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) DEFENDED JAPAN'S TRADE ACCOUNT SURPLUS AS NECESSARY TO OFFSET CHRONIC AND UN-AVOIDABLE INVISIBLE ACCOUNT DEFICITS (\$5.9 MILLION IN JFY 1976). AT THE SAME TIME, HOWEVER, THE WHITE PAPER CALLED FOR JAPAN TO COOPERATE WITH ITS INDUSTRIAL TRADING PARTNERS IN ASSURING THAT CHANGING TRADE PATTERNS DO NOT CAUSE UNDUE FRICTIONS. THE WHITE PAPER ALSO URGED THAT JAPAN INCREASE IMPORTS OF MANUFACTURED GOODS AND LISTED GOODS FOR WHICH THIS SHOULD BE POSSIBLE.

4. IN FORTHCOMING REMARKS AT MITI RECEPTION COMMEMORATING "INTERNATIONAL TRADE DAY", MITI MINISTER TANAKA ENUMERATED CHANGED WORLD ECONOMIC CONDITIONS ENGENDERED BY OPEC SURPLUS AND PROLONGED RECESSION AND THEN FLATLY STATED THAT SIZE AND IMPORTANCE OF JAPAN'S ECONOMY AND TRADE PLACED ON JAPAN SPECIAL RESPONSIBILITIES FOR HEALTH OF WORLD'S ECONOMY. IT IS THEREFORE INCUMBENT ON JAPAN, HE SAID, TO STIMULATE DOMESTIC DEMAND TO INCREASE IMPORTS WHILE WORKING TO RESTRAIN EXPORTS THAT CAUSE FRICTIONS WITH JAPAN'S TRADING PARTNERS.

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5. COMMENT: WE HAVE NO ILLUSION THAT MERE ISSUANCE OF WHITE PAPER OR STATEMENTS BY MITI MINISTER WILL RESULT IN AN IMMEDIATE AND DRAMATIC TURNABOUT IN JAPAN'S CURRENT ACCOUNT SURPLUS. WE TAKE THESE DEVELOPMENTS, RATHER, TO BE SOLID INDICATIONS THAT NECESSARY CONSENSUS FOR GENERAL SHIFT IN POLICY EMPHASIS IS IN FINAL STAGES OF FORMATION. WE ARE PLEASED TO NOTE EXPLICIT LINKAGE BEING MADE BETWEEN DOMESTIC DEMAND STIMULATION AND INCREASED IMPORTS. WE INTEND TO KEEP REMINDING OUR COUNTERPARTS THAT MEETING GNP GROWTH TARGETS PER SE WOULD CONTRIBUTE LITTLE TO SOLVING OUR COMMON PROBLEMS IF GROWTH IS LARGELY IN EXPORTS.
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Message Attributes

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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
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Disposition Reason:
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